



Small Companies Fund

Monthly Report

August 2008

Portfolio Performance and Strategy

The Small Ordinaries Accumulation Index in August rose 1.94%, reversing the negative months of June and July. The Eley Griffiths Group Small Companies Fund outperformed the index by 0.01% in a frantic August. During the month investors' focus shifted from the global financial uncertainty to the certainty of "Reporting Season". Reporting Season this year was characterised by two major points the first being a large number of companies not providing 2009 earnings guidance and the second being extremely low turnover on the Stock Exchange. For the companies providing 2009 numbers a degree of calm ensued, while for the others the outlook statements and CEO commentaries were closely scrutinised. The RBA for the first time in years commented that a pre-emptive easing of

Unit Price as at 31 August 2008

Application	\$1.6135
Redemption	\$1.6006
Fund Size	\$391 million
No. of stocks in portfolio	44

interest rates would be required even though inflation was at the higher end of their acceptable level. The A\$ retreated from its July high of US\$0.9849 on the RBA's commentary and continued falling throughout the month to a low of 0.8500. Analysts have turned their views from a stable cash rate of 7.25% to at least a 0.25% rate cut by the RBA at their September meeting and the probability of another 0.25% at the November meeting. Merger & Acquisition activity was again quiet with only Queensland Gas bidding for Sunshine Gas in the benchmark. Cash levels closed August at 13%, which will be reduced post reporting season.

Performance Statistics to 31 August 2008

	1 Month %	3 Month %	FYTD %	1 Year %	3 Year % p.a.
EGG Small Companies Fund	+1.95%	-12.58%	-4.95%	-12.49%	+12.47%
S&P/ASX Small Ordinaries Accumulation Index	+1.94%	-14.55%	-3.65%	-19.43%	+8.65%
Out performance	+0.01%	+1.97%	-1.30%	+6.49%	+3.82%

* Fund returns are calculated before fees are deducted.

Attribution

The portfolio was overweight 1 of the index's top 10 performing stocks (by index point contribution being **Sunshine Gas** (+36.36%). The portfolio was overweight none of the index's bottom 10 performing stocks (by index point contribution).

Top 10 Stocks*

	Portfolio Weight
1 Felix Resources Limited	4.13%
2 Aquarius Platinum Limited	4.02%
3 Silex Systems Limited	3.69%
4 Australian Worldwide Expl.	3.37%
5 OM Holdings Limited	3.06%
6 Cabcharge Australia Limited	2.97%
7 Seek Limited	2.97%
8 IRESS Market Technology	2.94%
9 Primary Health Care Limited	2.92%
10 Flight Centre Limited	2.75%
Top 10 Stocks	32.82%
Other Stocks	57.23%
Cash	9.95%
Total	100%

*For the Small Companies Fund as at 31st July 2008.

Portfolio Changes

Additions: Ausdrill (tactical) and Wotif.com Holdings(results review).

Deletions: JB HiFi (valuation) and Lion Selection (corporate activity dissipates).

Market Sector Exposure*

	Fund %
Materials	21.8%
Energy	13.3%
Industrials	22.4%
Consumer Disc	11.6%
Healthcare	6.8%
Consumer Staples	0.0%
Financials	5.7%
Information Tech	7.9%
Telecoms	0.5%
Utilities	0.0%
Property Trusts	0.0%
Cash	10.0%
Total	100%

Eley Griffiths Group ratings

Rating Company	Rating
Morningstar	Highly Recommended Highest Rating
Standard & Poor's	★★★★ - 'Strong' Second Highest Rating
Lonsec	Highly Recommended Highest Rating
Zenith	Recommended Second Highest Rating

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